

Section 1 - Introduction to the 2007 Update to the Consolidated Plan for Housing and Community Development

Introduction

This 2007 Update to the 2005 – 2008 Consolidated Plan for Housing and Community Development continues the overall philosophy presented in the 2006 Update of ensuring that the Consolidated Plan funds, especially CDBG, are more targeted around specific goals to produce clear, measurable outcomes. The major trends in Seattle's local housing, homelessness, and community and economic development environment in the past year, as they relate to the four Consolidated Plan funds, have been 1) the continued increase in the price of housing; 2) the continued implementation of the Ten Year Plan to End Homelessness; and 3) the on-going progress in revitalizing Southeast Seattle. The 2007 Update policies and proposed funding allocations were developed against this backdrop.

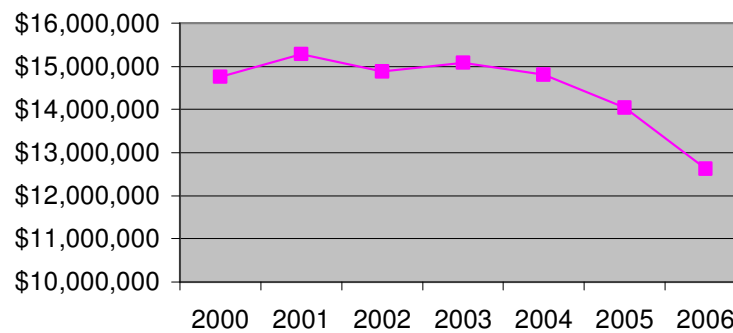
An equally important element in the development of the 2007 Update is the continued possibility of decreasing CDBG funds. As this Update was being developed during the summer of 2006, the City used a 10% reduction in CDBG funds as a planning guide. As news about the 2007 CDBG formula allocation budget came out of Congress during the late summer, a smaller reduction or no reduction was being considered since it appeared that the federal budget in 2007 would be level or slightly greater than the 2006 level. Should the actual awards from CDBG as well as HOME, HOPWA, and ESG differ from our estimates, we will be submitting a substantial amendment in the spring of 2007 to match the actual allocations to the actual budget.

Also during this past year HUD clarified and required the implementation of the performance measurements system for CDBG funds. Our allocation plan in 2007 incorporates performance expectations and categorizes our activities within the HUD's outcomes matrix.

Changes in the Environment

The anticipated likelihood of continuing reductions to Seattle's annual entitlement from HUD in CDBG force hard policy choices for the City.

In 2006, the City adopted a spending plan for CDBG reflecting a 5% reduction from the 2005 actual award level. When the 2006 actual awards were published, Seattle actually suffered a 10% reduction. The 2006 Substantial Amendment adjusted our spending to match our revenues using unanticipated CDBG reprogram funds, City General Funds, and other sources to maintain most programs originally funded with CDBG. The City's HOME program allocation was also less than anticipated. In anticipation of continued declining resources (see the following chart), the City reviewed its funding priorities for the Consolidated Plan funds. The City has become more deliberate in focusing CDBG funds on a few specific goals.



To be safe, the City in late summer 2006 decided to anticipate a zero change in our 2007 allocation from 2006. The Administration's proposed 2007 budget reduced the overall CDBG formula allocation budget (our source of CDBG) by 25%; during the summer of 2006, the House of Representatives and the Senate provided indications that they would support CDBG at slightly above the 2006 level. A substantial amendment to the 2007 Update will be developed in the spring of 2007 to adjust our actual expenditures to our actual revenues.

CDBG funds will be focused on the implementation of the Ten Year Plan to End Homelessness.

The Ten Year Plan to End Homelessness was endorsed by Seattle and King County in 2005. This Plan outlines a more deliberate move toward the implementation of three key strategies: prevent homelessness, move people rapidly from homelessness to housing, and build the political will to end homelessness. In doing so, the Plan turns the focus of ending homelessness efforts from providing emergency overnight shelter and temporary housing to affirmative efforts of getting homeless persons housed and providing them the assistance necessary to stay in suitable housing. Beginning in 2006 all of the City's CDBG resources supporting public services supported programs directly involved in ending and preventing homelessness. A competitive Request for Proposals process run in the fall of 2005 was used to encourage emergency shelter and transitional housing providers to create or emphasize programming that provides deliberate efforts to move people out of emergency shelters and into transitional or other appropriate temporary or permanent housing. CDBG public services funds are allocated to successful applicants.

Increase efforts to promote economic development in the Southeast Seattle Neighborhood Revitalization Strategy Area (NRSA) in conjunction with the installation of a new light rail transportation system and other developments.

HUD has approved an NRSA designation for an area of Southeast Seattle. The City of Seattle's Neighborhood Revitalization Strategy (NRS) for Southeast Seattle includes a comprehensive set of activities focused on ensuring that other major investments in the area will provide the maximum benefit for low- and moderate income residents. These major initiatives are underway and include: the construction

of Sound Transit's Link light rail system serving the community; redevelopment of Seattle's two largest public housing projects, Rainier Vista and Holly Park; implementation of the Rainier Valley Community Development Fund; and development of a Community Renewal Plan to assist in implementing the NRS goals. The NRS adopts the vision and strategies created by a community-led, City-staffed planning initiative called the Southeast Seattle Action Agenda, which intends to foster *equitable development* in Southeast Seattle by which existing residents and local entrepreneurs as well as future residents and business owners realize the benefits of revitalization, increased prosperity, property values and community well-being.

Sound Transit Light Rail

Sound Transit's Link light rail line is under construction in the Rainier Valley along a 4.3 mile stretch of Martin Luther King Jr. Way (MLK). Besides building the infrastructure for light rail itself, the project also involves transforming the entire street: rebuilding the stretch of MLK in concrete, upgrading 18 intersections, adding 10 pedestrian crossings, and planting 990 street trees. Sound Transit will also build four light rail stations along MLK: the Mt. Baker station at McClellan Street, the Columbia City station at Edmunds Street, the Othello Station at Othello Street, and the Rainier Beach station at Henderson Street. Road and light rail construction along MLK will continue until approximately fall 2007. Light rail service is planned to begin in 2009.

Economic Development

Light Rail Construction Impacts

During light rail construction, the businesses along MLK are faced with the effects of street closures, traffic delays, and utility outages, among other impacts. To support and retain this vibrant corridor of businesses, the Rainier Valley Community Development Fund is working with the City and Sound Transit to lessen the financial impacts caused by the project. Businesses along MLK that demonstrate revenue losses due to light rail construction can receive payments to mitigate those effects. Low cost loans, relocation assistance, and free consulting services in accounting and marketing are also available. So far, approximately \$7.3 million of City and Sound Transit funds have been provided to 139 businesses along MLK.

Community Renewal Act

The City and community are also developing a plan to use the powers granted by the State Community Renewal Act to achieve the outcomes in the NRS. This initiative will establish the organizational infrastructure, process and strategies to provide the community additional influence over development in the NRS area so that revitalization in the Rainier Valley benefits low and moderate income residents, to the maximum extent possible. The Rainier Valley Community Development Fund's real estate loans will be a key component of this effort by providing a source of capital to invest in the community at reduced rates for qualified projects.

Other Economic Development

In addition to support for businesses on MLK, the City provided funding for the Rainier Chamber of Commerce to create and implement a marketing plan and has established free wireless high speed internet access in Columbia City. The City is also working to spur private real estate development, especially in and around the light rail station areas, while avoiding displacement of low-income residents. Land use codes and zoning are being reviewed to encourage transit oriented development such as higher density town homes and condominiums and buildings that combine commercial space with residential space.

City Infrastructure Investments

In collaboration with Sound Transit, the City of Seattle has coordinated a major utility relocation and upgrade project along MLK. Over 140,000 feet of utility lines and pipes have been replaced including gas lines, sewer pipe, water pipe, and storm pipe. In addition, 66,000 feet of duct bank has also been built to hold utility lines underground. These upgrades will add to the transformation of MLK by removing the old wooden utility poles, placing power lines out of view, and adding new street lights. The majority of this utility work was completed during the summer of 2006.

The City is planning a multitude of other enhancements and investments in the Rainier Valley as well.

- The 3.6 mile Chief Sealth Trail is nearing completion. This multi-purpose trail will be the City's newest addition to the Regional Trails System and will provide connections to the Mountains to Sound Greenway (via bike routes/lanes north of Beacon Avenue), and Sound Transit light rail stations along MLK.
- New sidewalks, lighting and landscaping will link Columbia City and Rainier Beach business districts to their respective light rail stations.
- The Seattle Parks Department is upgrading community centers and enhancing 12 public parks and open spaces, including Columbia Park, John C. Little Park, Martin Luther King Jr. Way Memorial Park, Hillman City P-Patch, Jefferson Park, Lake Washington Boulevard, the Amy Yee Tennis Center, Brighton Playfield, and the Mapes Creek Walkway

Progress on these and other projects in the Southeast Seattle Neighborhood Revitalization Strategy is included in Attachment A.

Public Participation

In accordance with the 2005 – 2008 Consolidated Plan's Public Participation Plan, two public hearings were held to allow the public an opportunity to discuss community development needs for the 2007 program year and to review the proposed 2007 Update. The first hearing was held on August 15, 2006 in the City Council chambers.

The second hearing was held on September 19, 2006, also in the Council Chambers. Seattle residents and interested persons were provided an opportunity beginning September 08, 2006 to request a draft copy of the 2006 Update for review. A summary

of public comments appears in Section 8: Public Comments on Proposed 2006 Update to the Consolidated Plan.

Revised HUD Income Guidelines

In accordance with CDBG regulations, the following income definitions will be applied to the activities undertaken by Consolidated Plan funds unless specific funding legislation requires a different definition and unless updated by HUD.

2006 INCOME GUIDELINES
INCOME LIMITS FOR HUD PROGRAMS
for the
Seattle-Bellevue-Everett Primary Metropolitan Statistical Area
Gross Annual Income in \$ by Family Size

	FAMILY SIZE							
	1	2	3	4	5	6	7	8
<u>Very Low</u> 30% HUD PMSA	16,350	18,700	21,050	23,350	25,250	27,100	29,000	30,850
<u>Low</u> 50% HUD PMSA	27,250	31,150	35,050	38,950	42,050	45,200	48,300	51,400
<u>Moderate</u> 80% HUD PMSA	41,700	47,700	53,650	59,600	64,350	69,150	73,900	78,650